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BULGARIA ON THE WAY TO SOCIALISM

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In 1944 the Bulgarian metallurgical industry produced about 4,000 tons of raw iron, 1,800 tons of cast iron, 2,000 tons of tin, and about 1,000 tons of bronze, while the country as a whole needed 180,000 tons of metals. Bulgarian industry used only 718,000 tons of coal in 1938. By the end of 1945 there were 126 electric power plants in the country, with a total capacity of 126,200 kilowatts.

In industry, small enterprises with obsolete, worn-out equipment predominated. In 1947, only 450 of the 7,000 enterprises in Bulgaria employed more than 50 workers. The textile industry, which is the best-equipped branch of the economy from the technical point of view, has an average of less than one horsepower of machinery per worker.

The mineral resources of Bulgaria are poorly explored, and the known deposits of ores and other minerals have scarcely been exploited. In 1946, only about 20,000 workers were employed in mining, three fourths of them in coal mines. The principal mineral product of the country is brown coal. Not more than 200,000 tons of coking coal are mined per year.

Before the war Bulgaria depended entirely upon imports for machinery, spare parts, raw materials, (metals, cotton, leather, rubber, etc.), liquid fuels, lubricants, and other materials indispensable for industrial production.

Handicrafts played a prominent part in the Bulgarian economy. About 100,000 artisans' shops, employing barely 200,000 people were operating in Bulgaria before the war. Large artisans' shops existed only in Sofia and a few other cities.

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Bulgaria is a land of small properties. The large landowners were eliminated at the end of the 19th century, after Russia freed Bulgaria from Turkey. The development of capitalism put an end to the old, patriarchal form of land ownership, the rural cooperative, and hastened the process of class distinction and the elimination of the middle-class farmer. Between 1926 and 1946, the number of farms increased from 750,613 to 1,039,072 (not counting Southern Dobruja), as a result of the elimination of the middle farmer. In 1926, 427,519 farmers, or 57 percent of the total, owned less than 5 hectares, as compared with 712,420 or 68.6 percent in 1946. On the other hand, between 1926 and 1934 the number of farms of more than 30 hectares decreased from 4,702 to 3,027, while the average size of farms of this category increased from 47.9 to 52.1 hectares.

Rural overpopulation amounted to about one million before the war. The basic farm implement was the wooden plow. Only 17.8 percent of the farms of less than 5 hectares had plows; 29.6 percent had no draft animals at all, and 36.5 percent had only one draft animal.

Agriculture was carried on in primitive fashion. Ordinarily wheat would be rotated with corn. Artificial fertilizer was not produced in Bulgaria, and between 1935 and 1944 only 59,200 tons of chemical fertilizer were put into the ground, or about one kilogram of fertilizer per hectare per year. The cost of imported fertilizer was very high; it was used only on tobacco and fruit farms. Productivity in Bulgaria rated about the lowest in Europe. In 1939, 62.5 percent of the arable land in Bulgaria was planted in grain, while only 8.4 percent was used for industrial crops. Stock raising also was extremely retarded. Sheep and goats predominated; large livestock was used mainly for draft purposes.

During World War II, the Germans carried away goods worth more than 70 billion leva. At the end of 1944, the production of Bulgarian industry stood at 64 percent and of agriculture at 70 percent of the low prewar level.

Immediately after the liberation of Bulgaria from fascism, 87 percent of the coal mining and 32 percent of the ore mining were taken over by the state, as were 73 percent of the electric power production; 16.6 percent of the largest industrial enterprises; all railroad, highway, and air transport, and all transport equipment; 73 percent of the banking and credit system; all communication facilities (mail, telegraph, and telephone); and all sources of power. 80 percent of the forest passed into the state and communal ownership. The basic agricultural products are purchased and distributed through the "Ekraniznos" (Food Export) state agency, also known as "Eksportkhranb."

The first cooperatives were set up in the sugar, canning, woodworking, forestry, and a few other industries, and some producing cooperatives were set up for handicrafts. Later the largest of these enterprises were nationalized. Cooperative farming was limited to a few cooperative stock farms, and at the end of 1945, machine-tractor stations were formed. Shortly after Communist Bulgaria came into existence, there were more than 4,000 cooperatives of various kinds in Bulgaria with a membership of over one million persons.

Credit cooperatives and national banks made up 21 percent of all credit institutions during this period. In 1946 there were 111 consumer cooperatives in Bulgarian cities, as well as consumer sections within the credit cooperatives in the country, while 50 percent of all commerce was in the hands of cooperatives.

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Although in 1946, 92 percent of all farms in Bulgaria belonged to small and middle farmers, thousands of handicraft shops and small retail businesses were in operation.

In 1946, private capital accounted for 83.6 percent of Bulgarian industrial production and 77.8 percent of all the comparatively large plants and factories. About 8 percent of all farms were owned by kulaks. Kulaks owned the best land (about 25 percent of the total arable area), 70 percent of all draft animals, the majority of the farm tools and implements, many mills and dairies, etc. Large and middle-sized private enterprises controlled more than 50 percent of all commerce and 6 percent of credit operations.

Meanwhile, the government was preparing to socialize the national economy. It began by regulating production conditions and the distribution of raw materials, secondary materials and fuels, and fixing the prices of industrial goods while the Ministry of Trade assigned the volume of production, assortment of goods (nomenklatura), and the prices of the products of all private enterprises, the raw materials they were to use, and where they were to dispose of their products. New labor laws, such as the ones safeguarding labor and those on the 8-hour day, restricted the exploitation of labor by private enterprises; contracts were signed between management and labor.

The campaign to restrict and dislodge the capitalist elements was based upon progressive taxation. A tax was imposed immediately on the owners of large fortunes and other illegally acquired property, the same as on war profiteers. About 50 percent of the population were exempt from the property tax: those who owned less than 3 hectares of land and other property worth less than 500,000 leva. Four fifths of those taxed paid 2 to 3 percent, while the largest property owners paid up to 10.5 percent of the value of their property.

At the beginning of 1947, the progressive income tax was established. Taxpayers were divided into five groups according to the size and source of their income. The highest tax was levied on capitalists and private businessmen who obtained their income from hired labor (ranging from 15 percent on an income of 100,000 leva to 68 percent on an income of more than 1,500,000 leva. The joint stock companies left in Bulgaria were taxed. from 18 percent on an income of 100,000 leva to 74 percent on an income of more than 1,500,000 leva. The low-income brackets were exempt from this tax.

In March 1947 a monetary reform was introduced to stabilize the currency. Vast amounts of money that had been accumulated through speculation were confiscated.

The government confiscated the property of war criminals, traitors, and collaborators. Sale to the government of the enterprises most important for the development of the national economy was made compulsory. In February 1946 a law was passed authorizing the confiscation of property acquired after 1 January 1935 through speculation or other illegal means. Under the law on the tobacco monopoly (18 February 1947), all tobacco factories passed into the hands of the state.

At the end of 1947, the government turned to the liquidation of capitalism in industry and banking. On 23 December 1947 the Great People's Sobraniye of Bulgaria unanimously passed a law nationalizing large and middle-sized industrial and mining enterprises and all their property. Cooperative and handicraft enterprises were not affected. Former German assets were taken over by the USSR under the terms of the peace treaty. Compensation for nationalized enterprises was paid with interest-bearing notes, less a deduction ranging from 10 percent in the

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case of small enterprises to 70 percent in the case of large, for the benefit of the state. No compensation was paid to enemies of the people, pro-fascist elements, collaborators with German and Italian fascists, or those resisting the antifascist People's movement in Bulgaria.

Under this law, 5,552 industrial enterprises were nationalized. Of these, 2,011 plants and factories were put under the jurisdiction of the Ministry of Industry (after their reorganization and consolidation, the number was reduced to 813). More than 3,000 enterprises of local significance (mills, dairies, etc.) were turned over to agencies of the local governments for their perpetual use, while others were distributed among various ministries. At present 93 percent of Bulgarian industrial production, and as much as 100 percent in some branches, has been nationalized. There are 1,037 artisan cooperatives, employing 44,000 persons, financed by a sum of 2,200 million leva. Thus 95 percent of industrial production is in the hands of cooperatives or the state.

In December 1947 a law was passed nationalizing the banks. All Bulgarian and foreign joint-stock banks and their branches (except banks falling under Article 24 of the peace treaty with Bulgaria) were taken over by the State. Shares belonging to Bulgarian nationals and persons under Bulgarian jurisdiction in the country were bought up at 10 to 50 percent of their value for the profit of the Bulgarian people and the Bulgarian investment banks, and those belonging to foreign nationals were redeemed under the following term: the first 100,000 leva would be paid for in cash, and the remainder with 3-percent notes maturing in 20 years.

In March 1948 the nationalization of large housing properties in cities was announced. Private hospitals, baths, sanatoria, and spas also were taken over.

Foreign trade is a monopoly of the state. At the beginning of 1948, private capital was ousted from internal wholesale trade and lost its predominance in the retail trade. The leading role in commerce is played by "Marmagi" (state stores), "Khoremagi" (municipal joint enterprises: hotels, restaurants, and stores), and, especially, cooperatives. In 1947, 60 percent of all internal trade and 14 percent of the foreign, reckoned in terms of value, were in cooperative hands, and in 1948, 80 percent of retail trade in rural areas and 50 percent in towns were controlled by cooperatives. The number of cooperative stores had risen to 5,700 in 1948. The supply of the most important farm products, potatoes, vegetables, fruit, grapes, dairy products, eggs, etc., depends upon the cooperative monopoly. The share of the socialistic sector (i.e., state enterprises and cooperatives) in internal trade rose to 70 percent in 1948, while the share of the private sector shrank to 30 percent.

General agricultural cooperatives which have been formed in 3,000 villages have attracted a membership of more than 634,000 persons. These general cooperatives handle farm produce and sell more than 70 percent of the manufactured goods sold to the peasants. More than 600 handicraft sections, 890 stock farms, 1,222 cheese factories, and other enterprises are parts of general cooperatives.

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Under the first 2-year plan, the construction of 10 electric power plants was completed, 2,550 kilometers of high-tension power line were built, the "Vulkan" Factory, with a production capacity of 200,000 tons of cement, and a number of other industrial enterprises were erected, and 140 kilometers of railroad line were laid. A number of metallurgical, chemical, and machinery plants, large electric power plants, and reservoirs are under construction. The Five-Year Plan for the development of the Bulgarian economy from 1949 to 1953 was adopted in December 1948.

On 12 March 1946 the Great People's Sobraniye passed a law limiting the size of farms to 20 hectares, or 30 hectares in Southern Dobruja. Middle farmers were defined as those having 5 or more hectares (8 or more in Southern Dobruja). Peasant families with many children may obtain an extra hectare of land for each child in excess of two.

On the basis of this land reform, on 1 February 1948, 125,193.6 hectares of land were distributed among landless peasants and small farmers. An additional 1,207 hectares were distributed among 7,863 farmers for gardens for their own use.

The owners of confiscated land received cash and government notes as compensation. The new owners were required to pay the same price for the land that the former owner received. Five percent of the price of the land was paid in advance, and all the remainder by noninterest-bearing notes maturing in 20 years. Disabled veterans of World War II wounded after 9 September 1944 and widows and orphans were allowed a discount of 50 percent, and members of working-producing cooperatives received a discount of 40 percent of the value of the land.

Sale of the land received under the agrarian reform is forbidden, even after it is paid for. Not more than 40 percent of the area allowed under the land ownership law may be leased. If this regulation is broken, the amount of land the culprit may own will be reduced to 10 hectares. A law of December 1948 provides that rents may be paid only in cash, and the amount is to be determined by the local People's Councils according to the state rent scale.

In the fall of 1948 there were 84 state farms in Bulgaria, with an area of 77,500 hectares, 305 state stock farms, and 70 machine-tractor stations controlling 80 percent of all heavy farm implements in the country. In 1948 there were 4,960 tractors engaged in farm operations. The machine-tractor stations allot their equipment on the basis of contracts. First preference goes to labor cooperative farms (TKZKh) which also receive a 25-percent discount.

The basic form of agricultural cooperative is the labor cooperative farm. There were 110 of these at the end of 1944, with a membership of 7,238 persons and 25,680 hectares of land. This form of cooperative recognizes the private ownership of the land for the present. The law on labor cooperative farms, passed in April 1945, provides that farmers may withdraw from these cooperatives voluntarily after 3 years. Terms of membership and expulsion are regulated by an assembly of the cooperative members. They decide, for example, whether a member must contribute all his livestock and other property to the cooperative. Not more than 0.5 hectares of land may be reserved for the personal use of members. The law recognizes private ownership of the land and authorizes its owners, the members of the cooperative, to sell it as a whole or in part, to will it to an heir, to give it as a gift, etc. The cooperative enjoys the right of option to buy the land of any of its members who may want to sell. When a cooperative member withdraws or is expelled he receives compensation for his land as prescribed in a special register. The area of a cooperative may not be broken up. Special plots are assigned to the cooperative without charge, for their perpetual use for farmyards, farm buildings, and essential reclamation projects.

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Except for the land, which remains the private property of the members, the cooperatives take over liquid and frozen assets. The difference between the value of these assets and the established entrance fee (which ranges from 1,500 leva to 2,500 leva per 0.1 hectare) either is paid in cash within a stipulated period or is entered to the credit of its former owner as a share of stock or as a savings deposit. Only productive livestock remains in the private possession of the cooperative members.

In accordance with the law, all work on the labor cooperative farms is done by the members and their families. All members capable of working are assigned to brigades and detachments, which work on the basis of norms and a labor and production plan approved by a general assembly of the cooperative members. The land, equipment, and draft animals are divided among the production brigades and detachments. The working day is determined by the kind and amount of work. In some cooperatives, individual piece-work and the progressive system of payment provide bonus pay for brigades and detachments that produce crops in excess of the plans. Thus, for example, the brigades receive from 20 to 30 percent of the grain crops, from 15 to 30 percent of the industrial crops, and from 10 to 20 percent of the vegetables which they harvest over and above the quotas set in the plan.

In July 1948 the Ministry of Agriculture issued a special directive on the distribution of profits among cooperative members. After the quota for the state has been fulfilled, the necessary amounts of grain saved for seed, bonuses paid, and aid to those too old or ill to work deducted, the remaining bread and other products (except milk and vegetables, which are sold to the members at market prices) are to be distributed among the cooperative members, according to the amount of land and labor they contributed. Products for the market, such as tobacco and sugar beets, are not distributed in this manner. The most prevalent allocation of net income is as follows: 10 percent for savings, 30 percent for payment of rent for land, and 60 percent for labor.

The greatest enthusiasm for cooperative farming in Bulgaria is found among small and poor farmers. In 1946, 76.6 percent of the members of farm cooperatives had owned not more than 5 hectares of land, while 7.8 percent had been landless peasants. In 1947, 7.1 percent of the members had been landless and 78.5 percent had owned between 1 and 5 hectares. In 1948 the farms admitted to cooperatives averaged about 3.5 hectares, while the average farm outside the cooperative movement measured 4.2 hectares.

Government aid to the labor cooperative farms takes every possible form. The number of machine-tractor stations and farm implements is being increased. The government finances the cooperatives and provides them with machinery, fertilizer, seed, and construction and other materials at preferential prices. Taxation of the cooperatives has been greatly reduced. Labor cooperative farms and machine-tractor stations are entirely exempt from the turnover tax and from immediate payment of property taxes. Members of the cooperatives are exempt until 1950 from taxes on income derived from the cooperative.

On 17 December 1948 there were, 1,046 labor cooperative farms in Bulgaria, with a membership of 73,569 peasants and 280,144 hectares of land. The productivity of grain and industrial crops in all Bulgarian labor cooperatives averaged 25 to 30 percent greater than on individual farms. In some Bulgarian villages, 90 to 100 percent of the farmers belong to cooperatives.

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On 18 February 1948 the Great People's Sobraniye passed a law for the compulsory purchase of large farm implements. At that time about 4,000 tractors, 2,300 tractor plows, and many other farm machines were owned by kulaks, while the machine-tractor stations had only 140 tractors and the state farms had only 37. Another law passed in December 1948 prohibited the lease of land or livestock.

The first 2-year economic plan for 1947 and 1948 came into force on 1 April 1947. On the whole the plan was realized successfully. In 1947 industrial production exceeded the prewar level by 30 percent. The fulfillment of only 85 percent of the industrial plan in 1947 is explained principally by sabotage from capitalistic elements and by a serious drought.

In 1948, Bulgarian industrial production was 71.5 percent above the prewar level. As compared with 1939, electric power production had increased 109 percent, coal production 74 percent, heavy industry 123 percent, and light industry 55 percent. The 1948 industrial plan was fulfilled 106 percent. Agriculture had reached 99 percent of the prewar level, stock raising 91 percent, forestry 170 percent, and fishing 143 percent.

In 1947 and 1948, the planted area of Bulgaria increased by 53,100 hectares. Capital investment in the national economy exceeded 72 billion leva (in current prices), while 23 billion leva were invested in industry, 10 billion leva in agriculture, 23 billion leva in transportation, one billion leva in commerce, and 14 billion in cultural life.

The government is actively interested in raising the workers' standard of living. In 1948 the amount of agricultural and industrial products sold to the people increased substantially. Wages for industrial, construction, and transport workers were 30 percent higher in 1948 than in 1947: the total rose from 30 billion leva in 1947 to 39 billion leva in 1948. A new wage scale was evolved on the basis of qualifications, difficulty of the work, labor conditions, and importance of the industry. In 1947 alone, Bulgarian workers received about one billion leva for production above the norms, and 561 million leva during the first half of 1948. The number of workers who received an increased bread ration rose from 250,000 in 1947 to 350,000 in 1948. Unemployment disappeared. The number of blue- and white-collar workers reached 719,600, an increase of 22.6 over 1946. Real wages were 10 percent above the prewar level. The productivity of industrial labor in 1948 was 26.7 percent greater than in 1947.

In December 1948 the Great People's Sobraniye approved the Five-Year Plan for the development of the national economy between 1949 and 1953. The Plan provides for a change in the ratio between industry and agriculture in the national economy from 30:70 to 45:55, and between heavy and light industry from 26:74 to 45:55 by 1953.

Capital investment under the plan is to reach 425 billion leva at current prices, 40 percent of it for industry, 22 percent for transport, 17.5 percent for agriculture, and 11.5 percent for improvements in cultural life, living conditions, communal and residential building, etc. Eighty-three percent of all capital spent on industry will be used for the production of means of production, which will assure an increase of 320 percent in branches of heavy industry. The plan provides an increase in the basic funds from 47 billion leva in 1948 to 89 billion leva in 1953 (at 1939 prices). The volume of industrial production will increase by 119 percent and agricultural production by 57 percent by 1953. By the end of the Five-Year Plan the grain problem should be completely solved, for the production of bread grains will increase by 20 percent over the 1939 level. The national income will increase from 52 billion leva in 1948 to 96 billion leva in 1953 (based on 1939 prices).

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The Five-Year Plan calls for the following increases in the share of the socialistic sector in the total Bulgarian production:

<u>Industry</u>	<u>1948</u>	<u>1953</u>
State	97.1	97.1
Cooperative	1.1	2.9
Private	1.8	--
<u>Agriculture</u>		
State farms	--	2.5
Labor cooperative farms	2.2	60.0
Private farms	97.8	37.5
<u>Wholesale Trade</u>		
State	64.0	70.0
Cooperative	36.0	30.0
Private	--	--
<u>Retail Trade</u>		
State	22.3	45.0
Cooperative	45.5	50.0
Private	32.2	5.0

The Five-Year Plan calls for the development of cooperative farms on a mass scale and the elimination of capitalism in industry and trade. By 1953, 72 percent of the trade in bread will be in the hands of the socialistic sector.

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